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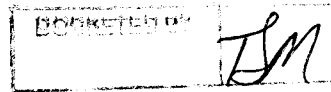
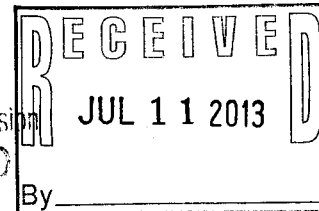
AZ CORP COMMISSION Arizona Corporation Commission

Bob Stump, Chairman
Arizona Corporation Commission
Commissioners Wing
1200 W. Washington - 2nd Floor
Phoenix, Arizona 85007
Stump-web@azcc.gov

DOCKET CONTROL

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JUL 11 2013



Subject: Docket No. E-00000W-13-0135 – In the matter of the Commission's Inquiry into Retail Electric Competition

Dear Chairman Stump:

I am Chairman of the Management Committee of the Navajo Transitional Energy Company ("NTEC"), an economic arm of the Navajo Nation. For the reasons stated below, I am writing to urge you to limit the proceeding in Docket No. E-00000W-13-0135 to ninety (90) days, at most, and to vote not to proceed with any further steps toward deregulation of the retail electric market in Arizona. NTEC will be providing its formal comments for Docket No. E-00000W-13-0135 through its counsel.

NTEC was created by the Navajo Nation in May of 2013 as a limited liability company with the Navajo Nation as the sole owner. A unique opportunity has arisen for the Navajo Nation to gain ownership of the Navajo Mine from BHP Billiton, Inc. and to enter into agreements to supply coal to the Four Corners Power Plant ("FCPP") through 2031. Both operations are located on the Navajo Nation in northwest New Mexico. In conjunction with these agreements, Arizona Public Service ("APS"), the operator and one of the public utility owners of FCPP, along with Southern California Edison ("SCE"), Public Service Company of New Mexico, Salt River Project, Tucson Electric Power and El Paso Electric, plans to shut-down three smaller generating units wholly owned by APS, buy SCE's share of the remaining two units, and bring those two units to required emission standards by retrofitting costly selective catalytic reduction technology imposed by the Environmental Protection Agency as Best Available Retrofit Technology (BART). All of the agreements leading to these changes were to close around July 1 of this year but have been placed on hold pending the outcome of the Commission's inquiry into the feasibility of retail competition in the electricity market. A lengthy proceeding and/or a decision to deregulate the electricity

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market in Arizona will cause APS to withdraw from the agreements, force closure of the Navajo Mine and FCPP, a critical provider of baseload electricity generation for Arizona, and result in the loss of a singular opportunity for the Navajo Nation to participate in the electrical energy market as a coal supplier and to help evolve that market into the use of new and cleaner electrical energy technologies.

By acquiring the Navajo Mine and entering into the coal supply agreements with FCPP, NTEC will secure the jobs of over 800 employees at the mine and power plant, most of whom are Navajos, and the jobs of many more involved in support industries. The jobs at Navajo Mine and FCPP are some of the highest paying jobs on the Navajo Nation, which has an unemployment rate over 50%, as of 2007. See the 2009-2010 Comprehensive Economic Development Strategy of the Navajo Nation, http://www.navajobusiness.com/pdf/CEDS/CED_NN_Final_09_10.pdf. Also secured will be over \$40 million in royalties and taxes paid to the Navajo Nation annually and utilized for benefits and services for the Navajo people. Additional income in the form of dividends will also become available to complement the royalty and tax income to bring the positive cash flow to the Navajo Nation over the term of the agreements to *over \$1 billion*. The loss of this cash flow to the Navajo Nation will translate into a significant negative impact on the economy of the State of Arizona.

The transaction will also allow the Navajo Nation through NTEC to directly control the use and environmental stewardship of its land, air and water in the extraction of its energy resources. Finally, as indicated by its name, NTEC will “transition” from an entity involved in conventional coal-fired electrical generation to a provider of electrical power utilizing new and environmental friendly technologies. Under its Operating Agreement approved by the Navajo Nation, NTEC “shall invest and re-invest no less-than ten-percent (10%) of its available Net Income in a given year into the research and development of renewable and alternative sources of energy, storage, and transmission technologies and facilities.” To facilitate this outcome, individuals with extensive backgrounds in the research and development of new energy technologies as well as environmental management, business management and entrepreneurship were selected to be members of the Management Committee (Board of Directors) of NTEC.

Because of the uncertainties raised by this proceeding, continuing this proceeding for more than 90 days, or a decision from the Commission to proceed with deregulation of the electricity market in Arizona, will likely end the pending plans and agreements and force closure of both the Navajo Mine and FCPP.

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This would not only end the unique opportunity for the Navajo Nation through NTEC to become more self-reliant as an active participant in the electricity market, and to be involved in the transition to new technologies in the electrical power markets, but would ultimately have a catastrophic financial impact on the Navajo Nation government, the Navajo Nation economy, and the Navajo people.

For all of these reasons, I urge you to help limit this proceeding to ninety (90) days at most, and to vote not to proceed with any further steps toward deregulation of the retail electric market in Arizona. I and other Members of the Management Committee of NTEC would welcome the opportunity to meet personally with you and your staff as soon as possible to further explain NTEC's concerns, and we will contact your staff to make arrangements. Please also see the enclosed "Fact Sheet" for additional information.

Sincerely,

Steven Gundersen
Chairman, NTEC Management Committee

FACT SHEET

Background

Navajo Transitional Energy Company, LLC ("NTEC") is a wholly owned limited liability company of the Navajo Nation that has been authorized to purchase and operate the BHP Navajo Mine ("Navajo Mine") located on the Navajo Nation south of Farmington, New Mexico. The Navajo Mine currently supplies coal to the Four Corners Power Plant ("FCPP"), which is also located on the Navajo Nation. The Navajo Nation created NTEC to protect Navajo jobs, to create economic opportunity, to exercise its sovereignty, to ensure royalty and tax income and to manage the development of its energy and environmental resources.

The Four Corners Power Plant ("FCPP") is owned by a consortium of public utilities and operated by Arizona Public Service ("APS"). Navajo Mine is operated by BHP Billiton Navajo Coal Company on a lease on Navajo Nation lands and has provided coal to the FCPP for 50 years. APS owns 100% of Units 1, 2, and 3, while Units 4 and 5 are operated by APS but owned by six companies, with APS owning 15%, Southern California Edison ("SCE") 48%, Public Service Company of New Mexico 13%, Salt River Project 10%, Tucson Electric Power 7%, and El Paso Electric 7%. In November 2010 APS announced that it would purchase SCE's 48% share in Units 4 and 5 and bring those two units to required emission standards by retrofitting selective catalytic reduction technology imposed by the Environmental Protection Agency as Best Available Retrofit Technology ("BART"). This will decrease the annual average coal burn from approximately 8 million tons to 6 million tons of coal. The decreased volume has made the mining operation unattractive to BHP Billiton for the continued investment in and operation of the Navajo Mine.

The Navajo Nation was offered the opportunity to purchase the mine. The transaction will be completed in 2013. The Navajo Nation has created NTEC to own and operate the Navajo Mine. BHP Billiton will continue as the Mine Manager through 2016. Employees at the mine will continue as employees of the Mine Manager company through 2016. The Navajo Nation will continue to receive royalties and taxes from the operation, and over 800 well-paying jobs at the power plant and mine will continue to be filled predominantly by Navajo Nation members. Due to lower overhead and potential tax advantages, NTEC will make sufficient income to repay the loan for the purchase of the mine, pay for on-going sustaining investment for the mine and eventually invest in alternative energies. A new Mine Manager company will need to be selected to begin managing the mine in 2017. If the transactions are completed as planned, NTEC will have coal supply agreements in place with FCPP through 2031.

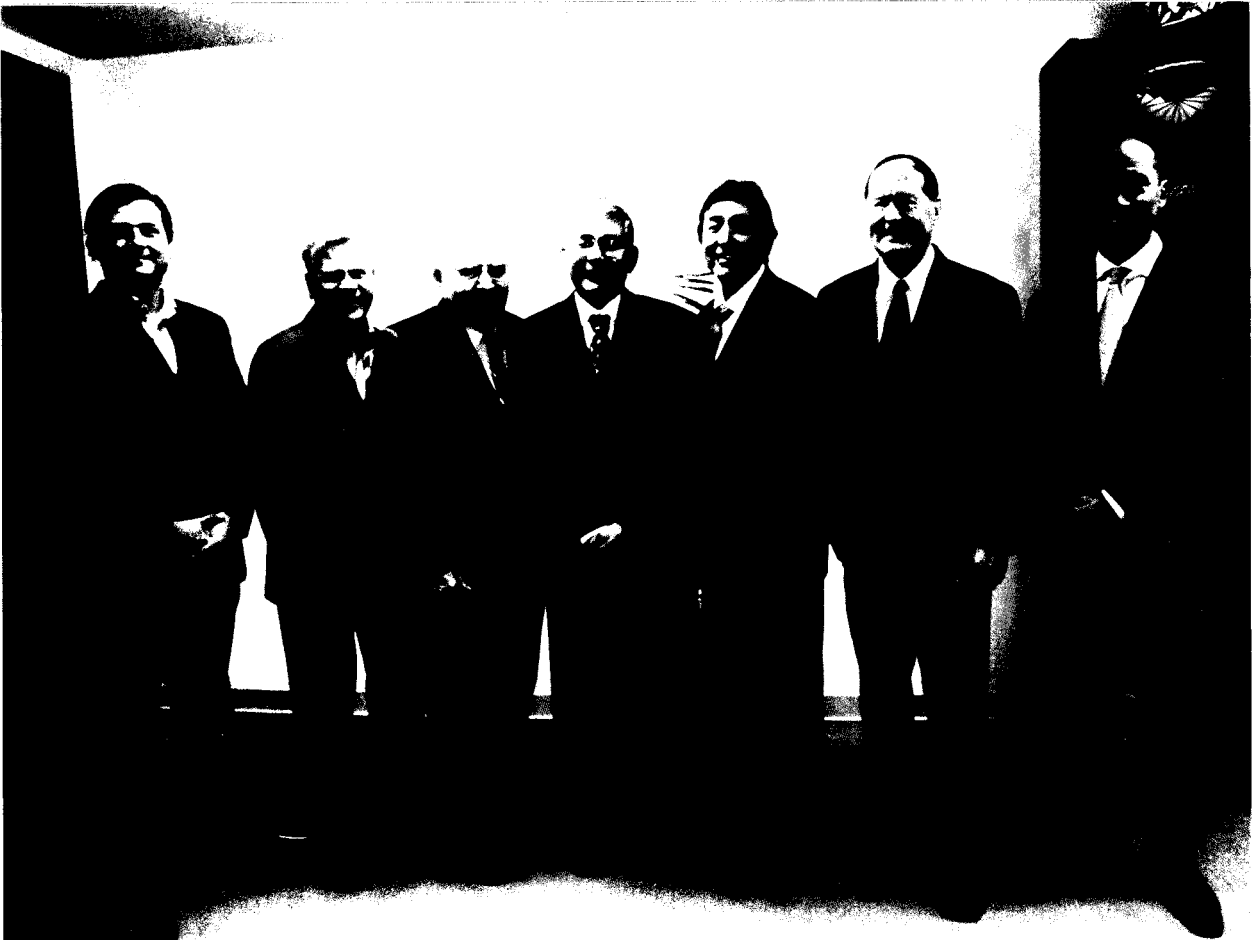
The current lease of the Navajo Mine contains over 1 billion tons of coal. The mine utilizes three draglines as the primary means of uncovering coal. Other primary equipment includes drills, loaders, haul trucks, dozers, an internal railroad system, a crushing and blending plant and other surface mine support equipment and facilities. The mine employs approximately 350 people.

In addition to the purchase and operation of the Navajo Mine, NTEC will also be responsible for developing opportunities in renewable and sustainable energy resources of the Navajo Nation as well as other technologies such as clean coal that develop the Navajo Nation's energy resources while maintaining respect for the Navajo Nation's land, air, water, natural and economic resources. As specified in its Operating Agreement with the Navajo Nation and once initial financial obligations for the purchase of the mine are fulfilled, NTEC "shall invest and re-invest no less-than ten-percent (10%) of its available Net Income in a given year into the research and development of renewable and alternative sources of energy, storage, and transmission technologies and facilities". This unique approach will allow NTEC to transition the Navajo Nation from a source of conventional coal-fired electrical generation to a provider of electrical energy by emerging technologies.

On May 18, 2013, the NTEC Management Committee was established with authority for management of the business affairs, operations and functions of NTEC. The members and officers of the Management Committee of the NTEC are: Chairman Steven E. Gundersen (Dine'), Vice-Chairman Timothy H. McLaughlin (Dine'), Secretary Peter Denetclaw, Jr. (Dine'), Treasurer Steve Grey (Dine'), as well as Dr. Grant R. Wood, Dr. Peter E. Jenkins and Dr. Richard Passamaneck. Dr. John W. Grubb will serve as the NTEC's Acting Management Executive. The experience and talents of this diverse group is displayed in the following section.

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NTEC Management Committee, left to right, Tim McLaughlin, Dr. Rich Passamaneck, Dr. Grant Wood, Peter Denetclaw, Steve Grey, Dr. Peter Jenkins, Steve Gundersen, Chairman

Summary of Resumes of NTEC Management Committee and Executive

Mr. Steven E. Gundersen, NTEC Management Committee Chairman, is the President of Tallsalt Advisors, a Native American owned financial advisory firm based in Scottsdale, Arizona. He brings nineteen years of experience in corporate mergers, acquisitions, joint ventures, financings, investments and litigation support. Through his work Mr. Gundersen assists Native American tribes to exert greater control over businesses based on their natural resources including fossil fuels as well as wind and solar assets.

Mr. Tim McLaughlin, NTEC Vice-Chairman, is an attorney at the Nordhaus Law Firm, one of the oldest Indian law firms in the country that provides its services only to Native American tribal members and tribes. At Nordhaus, Mr. McLaughlin's practice includes litigation and support on issues concerning tribal

sovereignty, jurisdiction, trust enforcement, employment law, taxation, environmental protection, and Indian mineral resource development.

Mr. Steve Grey is a NTEC Management Committee member serving as Treasurer and Audit and Finance Committee Chairman. Mr. Grey currently holds an engineering and MBA degree. He has been with Lawrence Livermore National Laboratory for twenty-four years. He currently resides in the Director's Office of Science and Technology. He also served as Director of Indian Affairs within the Department of Energy for three years. Mr. Grey has almost 30 years' experience in Indian Energy activities.

Mr. Peter Denetclaw, NTEC Management Committee member serving as Secretary, is currently employed with Freeport McMoRan Copper and Gold, Phoenix, Arizona. He has worked in the mining industry for over 23 years (Arizona, Nevada and New Mexico) with over 17 years in management roles. He is a former Navajo Nation employee working as a Supervising Forester. He has worked in both the copper and coal industries primarily focused on regulatory affairs, permitting, community development, tribal relations support and recently sustainable development utilizing the International Council on Mining and Metals (ICMM) framework.

Dr. Peter E. Jenkins, NTEC Management Committee member and Technical Committee Chairman, is a Professor of Mechanical Engineering at the University of Colorado and has over 35 years of engineering and management experience in industry and academia. He has a Ph.D. in Mechanical Engineering from Purdue University, an MBA, and an IEM from Harvard. He has performed R&D in the combustion of natural gas, ethanol, coal, and biofuels for power generation and has worked on many energy projects, including solar, wind, geothermal, fuel cells and other energy conversion systems.

Dr. Richard Passamaneck is an NTEC Management Committee member and a Technical Committee member. Dr. Passamaneck has BS and MS degrees (University of California at Los Angeles) and a PhD from University of Southern California, all in Aerospace Engineering. His work experience includes 11 years at NASA's Jet Propulsion Laboratory, and 2 years at the National Renewable Energy Laboratory (NREL). He has also taught mechanical engineering for 30 years, most recently at the Colorado School of Mines. Dr. Passamaneck also holds 10 patents, 9 of which form the foundation for an oil and gas well fracturing company, Propellant Fracturing and Stimulation, LLC.

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Dr. Grant Wood, serving as an NTEC Management Committee member, Audit and Finance Committee member, and Technical Committee member, is a practicing Industrial Consultant for emerging energy technologies. He holds Doctoral degrees in Industrial/Mechanical Engineering and Education from Missouri State. He was previously employed by Carvern Chemical, a Canadian Company, as a combustion specialist, working on emissions remediation (focusing on mining locations worldwide) and product development and as a production head. He taught industrial engineering at Western Washington State University, in Bellingham, Washington, and Georgia Pacific Quality Control and Employee Training.

Dr. John Grubb will serve NTEC as Management Committee Executive. He has over 48 years of experience in mining engineering and management including over 10 ten years managing the Navajo Mine. He also is an adjunct professor at Colorado School of Mines teaching numerous courses and advising several research projects.